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BRETT A. AXELROD, ESQ.
Nevada Bar No. 5859
JEANETTE E. MCPHERSON, ESQ.
Nevada Bar No. 5423
NICHOLAS A. KOFFROTH, ESQ.
Nevada Bar No. 16264
ZACHARY T. WILLIAMS, ESQ.
Nevada Bar No. 16023
FOX ROTHSCHILD LLP
1980 Festival Plaza Drive, Suite 700
Las Vegas, Nevada 89135
Telephone: (702) 262-6899
Facsimile: (702) 597-5503
Email: baxelrod@foxrothschild.com
jmcpherson@foxrothschild.com
nkoffroth@foxrothschild.com
zwilliams@foxrothschild.com
[Proposed] Counsel for Debtor

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re

CASH CLOUD, INC.,
dba COIN CLOUD

Debtor.

Case No. BK-23-10423-MKN

Chapter 11

**DECLARATION OF CHRISTOPHER
ANDREW MCALARY IN SUPPORT OF
DEBTOR'S SECOND OMNIBUS MOTION
FOR ENTRY OF ORDER APPROVING
REJECTION OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES
PURSUANT TO 11 U.S.C. § 365(a) AND
DISPOSAL OF CERTAIN PERSONAL
PROPERTY INCLUDING ABANDONMENT**

Hearing Date: March 17, 2023

Hearing Time: 9:30 a.m.

I, Christopher Andrew McAlary, declare as follows:

1. I am the Chief Executive Officer ("CEO") of Cash Cloud, Inc. dba Coin Cloud (the "Debtor" or "Cash Cloud"), debtor and debtor in possession in the above captioned chapter 11 case (the "Chapter 11 Case").

2. Except as otherwise indicated herein, this Declaration is based upon my personal knowledge. I am over the age of 18 and am mentally competent. If called upon to testify, I would

1 testify competently to the facts set forth in this Declaration.¹ I make this Declaration in support of
 2 the motion captioned above.

3 3. On February 7, 2023 (the “Petition Date”), the Debtor initiated its Chapter 11 Case by
 4 filing a voluntary petition for relief under chapter 11 of Title 11 of the United States Code (the
 5 “Bankruptcy Code”).

6 4. The Debtor intends to operate its business and manage its properties as a debtor-in-
 7 possession under section 1107(a) and 1108 of the Bankruptcy Code.

8 5. I am advised by counsel that this Court has jurisdiction over this Chapter 11 Case
 9 pursuant to 28 U.S.C. §§ 157 and 1334 and venue is proper in this United States Bankruptcy Court
 10 for the District of Nevada pursuant to 28 U.S.C. §§ 1408 and 1409.

11 6. As described in greater detail in my Omnibus Declaration of Christopher Andrew
 12 McAlary in Support of Emergency First Day Motions [ECF 19], the Debtor was formed as a
 13 Nevada corporation for the purpose of providing a platform for customers to buy and sell digital
 14 currencies through Digital Currency Machines (“DCMs”) distributed across the United States.
 15 DCMs are an advanced version of the kiosks commonly referred to as Bitcoin ATMs or BTMs, that
 16 enable a consumer to both (a) buy bitcoin as well as 30+ other digital currencies with cash, and (b)
 17 sell digital currency for cash. All of the Debtor’s machines are DCMs offering two-way
 18 functionality, over 30 digital currency options, an advanced user interface and a custom non-
 19 custodial companion wallet app (available on the Apple App Store and the Google Play Store).

20 7. As of December 31, 2022, the Debtor operated approximately 4,800 DCMs, or kiosks
 21 (“Kiosk(s)”) throughout the United States and Brazil, installed in some of the largest convenience,
 22 grocery and liquor store chains and prestigious malls.

23 8. To facilitate the installation of the Kiosks, Cash Cloud entered into numerous
 24 contracts (the “Contracts”) or leases (“Leases”) with various parties (“Counterparty” or
 25 “Counterparties”) having retail locations, including convenience stores, malls, and enterprise grocery
 26 stores. The terms in the Contracts and/or Leases vary. However, in general, the terms provide that
 27

28 ¹ Unless otherwise defined herein, all capitalized terms have the meanings ascribed them in the Motion.

1 Cash Cloud is permitted to install a Kiosk at a certain location (“Location”) in exchange for
2 compensation being paid to the Counterparty. There are thousands of Contracts or Leases, and the
3 nature and amount of compensation varies and is sometimes in the form of a fixed monthly rental
4 payment or a variable portion of the profit of the Kiosk. The Contracts and/or Leases typically have
5 a 3 to a 7-year term, with automatic renewals, unless terminated by either party. And, under certain
6 “master” Contracts and/or Leases, wherein the Contract or Lease governs the installation of Kiosks
7 at multiple, different Locations (as set forth within the exhibits attached thereto), the Contract or
8 Lease contains terms that provide not only for the termination of the master agreement, as a whole,
9 but also for either the Debtor or the Counterparty to terminate certain identified Locations.

10 9. In connection with its efforts to preserve and maximize the value of its estate through the
11 prosecution of this case, the Debtor, in its business judgment, has determined that certain Contracts
12 and/or Leases are financially burdensome and do not provide benefit to the estate. The Locations
13 subject to the Contracts and/or Leases that are listed on **Exhibit 2** are no longer needed and are not
14 a source of potential value for the Debtor’s future operations, creditors, or interest holders. Further,
15 the Debtor seeks to avoid depletion of the estate through accrual of administrative expenses
16 associated with these Contracts and/or Leases. In addition, the Debtor has determined that there is
17 no value in attempting to assume and assign the Contracts and/or Leases, as they are not marketable
18 given their terms. Thus, rejection is in the best interests of creditors and other parties in interest.

19 10. Further, if there is Remaining Property, the Debtor will determine how this
20 Remaining Property should be disposed of, including whether it should be removed, abandoned,
21 sold, or surrendered to a party that is secured by the Remaining Property. The Debtor submits that
22 if it determines that the Remaining Property (if any) should be abandoned, it will make this
23 determination because the Remaining Property is either burdensome to the estate, as removal and
24 storage of the Remaining Property is likely to exceed any net proceeds from this property, or is of
25 inconsequential value and benefit to the estate. Thus, the Debtor’s determination to abandon will
26 reflect the Debtor’s exercise of sound business judgment, taking into account the best interests of
27 the Debtor, its estate, its creditors and other parties in interest.

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1 I declare, under penalty of perjury of the laws of the United States of America, that the
2 foregoing statements are true and correct to the best of information, knowledge and belief.

3 Executed this 17th day of February, 2023 in Las Vegas, Nevada.

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5 /s/Christopher Andrew McAlary
6 Christopher Andrew McAlary
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(702) 597-5503 (fax)